98-84366-16

Gunn, Otis Berthoude

The monetary question

Kansas City, Mo.

1895

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Gunn, Otis Berthoude , 1828-1901.
The monetary question; facts about silver, gold and paper money; an address read before the Commercial club of Kansas City, Mo., Dec. 18, 1894.
48 p. 23½ cm.

Half-title.

Vol. of pamphlets.

Only ed

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 12:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3/9/98 INITIALS: F.C.

TRACKING # : 31647

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

P22.54
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.... The ....

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KANSAS CITY, MO.

THE R. E. HICKS PRINTING CO.

109-111 E. MISSOURI AVE.

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Mr. President:

The subject of National finance is of vast importance to every citizen of the United States. It is an economic question in which politics and partisanship should have no place. In this country every man is a sovereign and a politician. Every question upon which legislation can be had, from the running of hogs in the streets, up to the great economic questions of how best to raise the revenues, and the establishment of monetary laws, and the coining of money, must be approved by the sovereign people, and their representatives are expected to do their will, no matter how absurd it may be.

Of course, upon these great questions the people at large know absolutely nothing, and they are just as liable to vote wrong as to vote right, and a little more so.

They are easily stirred up on wrong lines, and without any actual knowledge upon these subjects, vote the way their partisan friends may lead them.

During the last twenty-five years an entirely new question of finance has been injected into American politics. This is the question of the free coinage of silver. It is a subject which ought to be entirely divested of politics and partisanship, but like every other question in American affairs, it has become a live political issue. In 1860 the United States was a non-producing silver country. In 1893 it had become the greatest silver producing country in the world, producing the last year silver bullion of a coinage value of $77,000,000. This is nearly double the amount of silver produced in the whole world in 1860.

The world's production of silver in 1893 was five times as great as in 1860. The tremendous increase in the production of silver during the past thirty-three years is what has caused the free coinage of silver to become a political question.

In other countries questions of this momentous character, and fraught with so much good or evil to the welfare of the government and of the people, are settled after mature study and deliberation by a monetary commission, made up of their wisest statesmen and financiers. In this country it is a question to go before the hustings, and every farmer, mechanic, artisan, laborer, factory operative, plugger and hobo, white or black, must have a chance to vote for or against men, and support measures about which they know absolutely nothing, and being allured by the

cry of cheap money and plenty of it, are more likely to vote wrong than to vote right upon the all important questions of National Finance.

In discussing this great question, we should try to get at the bottom facts underlying the whole subject, and argue from this standpoint, rather than from reckless statements of misinformed partisans, who hope to gain office and notoriety by exciting the prejudices of the people. An argument based upon a false basis or a misstatement of facts leads to wrong conclusions, which, if followed up, may lead to disaster and ruin.

Much misinformation upon the use of silver as money has been disseminated by the press, and by political orators upon the stump, the forum, and even in the halls of Congress, and the people, as well as many politicians, are very illy informed upon the fundamental principles which govern great economic laws. The people, especially in the West, have been educated in the direction of financial fallacies. Those who know least of the workings of financial laws, are the loudest in the war upon the financial operations of the government.

They declare that those who are in favor of good money, and a stable circulating medium, are in a conspiracy with the financiers and monied men of Wall street and of Europe, to destroy the use of silver as a money metal. They show their contempt for all those who are in favor of good money by calling them "gold bugs," "shylocks" and "money sharks." They declare that the stoppage of the coinage of silver dollars in 1873 was "the great political and monetary crime of the age."

If these people would take the trouble to study the statistics and facts concerning the production and coinage of silver since our mint was established in 1792, they would discover that the United States has been the best, and almost the only friend silver has had among the great commercial nations of the world during the last twenty years, and that in 1873, the very year of the alleged demonetization of silver, the mints began coining silver at a rate never before known in the history of the country.

The statistics herein presented are compiled from the reports of the Treasury Department, the Director of the United States mint for 1893, and other official sources.

THE UNITED STATES MINT

was established in 1792. Neither gold nor silver was produced in this country at that time. The coinage of both gold and silver was begun in a small way. The first silver dollar was coined in 1794. In 1806, twelve years later, when less than a million and a half of silver dollars had been coined, the coinage of silver dollars was suddenly stopped, and not resumed again until 1840, a period of thirty-four years. Who committed this "great crime of demonetization of silver?" None other than the author of the immortal Declaration of Independence, Thomas Jefferson, then President of the United States, and this is the way he did it:

"DEPARTMENT OF STATE, May 1, 1806.

"SIR: In consequence of a representation from the director of the Bank of the United States, that considerable purchases have been made of dollars, coined at the mint, for the purpose of exporting them, and it is probable that further purchases and exportations will be made, the President directs that all the silver to be coined at the mint shall be of small denominations, so that the value of the largest piece shall not exceed a half dollar.

"I am, etc.,

"JAMES MADISON,
"Secretary of State."

"ROBERT PATTERSON, Esq.,
Director of the Mint."

There was no law for this order but it was obeyed, and not a silver dollar was coined for thirty-four years thereafter. From 1840 down to 1873, coinage of silver dollars went on an average rate of about $200,000 per annum, so that in 1873 the total coinage from 1792, eighty-one years, was only $8,031,288. In 1873 the so-called Sherman Act was passed, and the coinage of standard silver dollars was stopped, and the mints were turned upon trade dollars and fractional coins. At that time our total of money was about $752,000,000, so that our 8,000,000 of silver dollars was but little over one per cent. of our circulation, and nearly all of that was exported. The trade dollar contained 7½ grains more silver than the standard dollar, was equal in weight to the Mexican dollar, and was designed to aid in our trade with China and Japan. They were legal tender for $5.00, and in ordinary dealings answered the same purpose as the standard dollar. The coinage of standard dollars was suspended for five years, until 1878, when the Bland-Allison bill was passed. During these five years, 31,699,460 trade dollars were coined. This coinage was nearly four times as great as the entire coinage of dollars during the previous eighty-one years. In addition to this, the coinage of halves, quarters and dimes was much greater than ever before, the total coinage of fractional silver in those five years being $47,072,862 in amount. The

combined coinage of dollars and fractional coins was $78,-772,322.

When the Bland-Allison bill was passed in 1878, the coinage of standard dollars was resumed with great activity, $22,-495,550 being coined the first year. This was increased year by year until the climax was reached in 1890, when $38,043,000 were coined. In November, 1893, the purchasing clause of the Sherman Act was repealed, and since that time the coinage of silver dollars is still going on at a moderate rate, 1,843,651 standard dollars having been coined during the first nine months of this year.

Summing up the account, it stands as follows:

Coining of trade dollars, 1873 to 1883,	$ 35,965,924
" " fractional silver, 1873 to 1894,	70,817,227
" " standard dollars, 1873 to 1894,	421,175,051
Total silver coinage, 1873 to October 1, 1894,	$527,958,202

All of this vast sum of silver has been coined during the last twenty-one years, since the alleged "crime of demonetization of silver" in 1873, and only $8,000,000 prior to that time.

The United States' stock of silver is now $624,000,000, of which $547,000,000 is full legal tender, and $77,000,000 of fractional coins is limited legal tender.

It is a sum greater than all of the silver money in Great Britain, Germany, Austria, Turkey and Russia combined.

It would seem that this vast accumulation of silver in the Treasury ought to satisfy the most ardent free silver man.

RATIO OF COINAGE.

Our silver dollars were at first coined at a ratio of 15 to 1. They are now coined at a ratio of 16 to 1 with gold, that is, 16 pounds of pure silver equals in value one pound of pure gold. Nearly all the nations coin silver at a ratio of 15½ to 1. The ratio of India's coinage is 15 to 1, while Mexico is 16½ to 1, and the Mexican dollar is 7½ grains heavier than ours. From 1793 to 1873, a period of eighty years, the ratio between gold and silver was very steady, averaging about 15½ to 1, or the basis of European coinage. In 1873 it reached 16 to 1 for the first time in the history of this country, and since 1873, silver has rapidly declined in value, thereby widening the ratio between the two metals to 34 to 1, so that now it takes more than two of our silver dollars to equal in bullion value a gold dollar. The

only way to keep these depreciated dollars at par, or 100 cents, is to make them convertible into gold, and thus make them "as good as gold." As long as this is done, they will equal gold in purchasing power, but should this convertibility cease, the silver dollar would sink to the bullion value of silver, and wide spread ruin and disaster would follow.

THE GOVERNMENT STAMP.

Many people declare that the government stamp upon a piece of money gives it its value, but this is a mistake. All the good that the government stamp or coinage does, is to put metal money in a convenient shape to carry, and show to the holder its denomination and that it is of requisite weight and fineness, but it adds no value whatever to the coin. The law makes 60 pounds a bushel of wheat. Suppose that a government inspector should box a farmer's wheat into 60-pound boxes, and label each: "This box contains one bushel of No. 2 wheat," and stamp the same with a government stamp, would that add anything to the value of the wheat? Certainly not. Suppose that the late so-called Southern Confederacy had coined ten dollar gold pieces, and silver dollars, of exactly the same weight and fineness as the United States coins, and decorated them with Confederate emblems, what would be the value of those coins now? The gold coins would be worth just the same as the United States coins, the silver coins would be worth just their bullion value, or about 46½ cents each, while their paper money, of which they printed hundreds of millions of dollars, are worth absolutely nothing. This fairly illustrates the difference between good money, poor money, and purely fiat money. Again, in the early history of this country, before we had begun to produce the precious metals, and were short of good money, Congress legalized foreign coins by making them legal tender, at their real value as coins, so that we have the authority of Congress itself that the stamp upon coin money cuts no figure in adding to its value.

In February, 1893, Congress provided that foreign gold and silver coin should pass current and be a legal tender for all demands and debts. This act included the gold coins of Great Britain, France, Spain and Portugal, and the Spanish milled silver dollar. This act continued good for three years. In April, 1816, a similar law was enacted for another three years. In June, 1834, an act was passed making the silver dollars of Mex-

ico, Peru, Chili, Central America and Brazil, and the silver five franc pieces of France legal tender, and as late as 1857 an act was passed making the fractional parts of the Spanish pillar dollar and of the Mexican dollar receivable at the treasury, the post offices and the land offices in payment of public dues. When this country was so short of silver as late as 1857, to cause the government to receive fractional silver coin of foreign mintage at the sub-treasuries for import duties, we may be sure that silver bullion was a scarce commodity, and it is no surprise that under such circumstances it bore a small premium above gold.

CIRCULATION OF METAL MONEY.

A distinguished ex-senator of Kansas once said, in a speech, that "gold was a coward, and always slunk out of sight on the first approach of public danger." 'Tis true that gold disappears from circulation at critical times, not because it is a coward, but because its owner knows that his gold never depreciates under any circumstances, while all other money is liable to depreciation. If he has his gold stored in a safe place, or hoarded until troublous times are past, he knows that he has money laid away that is worth 100 cents on the dollar any where in the civilized world. Neither gold nor silver enter largely into circulation in this country, for the reason that people prefer the use of paper money, as it is so much more desirable for use in ordinary transactions. No man, no matter how much he may be in favor of free coinage of silver, if about to take a journey where he would expect to spend $500, would load himself up with twenty-five pounds of silver dollars, nor even with one and one-half pounds of gold, when a half ounce of paper money would accomplish the same purpose. The government has great difficulty in getting its silver dollars into circulation and keeping them there. It sends silver money to any responsible party who calls for it, and pays the express charges to point of delivery, but does not pay any return charges, and yet cannot keep any large amount out of the treasury, as it constantly flows back into the treasury. Only $2,000,000 silver dollars were in circulation on the first of October, 1894, out of 421,000,000 coined, or only 12½ per cent.

TOTAL WEIGHT OF OUR SILVER.

The weight of our silver money and bullion is as follows:

Standard dollars and bullion	14,700 tons.
Fractional coins	1,920 "
Total weight	16,620 "

Standard dollars in circulation	1,420 tons.
Fractional coins	1,720 "
Total in circulation	3,140 "

The silver coins and bullion, if loaded upon railway cars, would load 831 cars at twenty tons per car, and would make a solid train five and one-half miles long, or would make thirty-two trains of twenty-six cars each. If rolled into railroad rails at sixty pounds per yard, it would lay a railroad track 175 miles long. If all the population of the two Kansas Cities, Leavenworth, Atchison, Lawrence and Topeka, an aggregate of 260,000 men, women and children, at an average per capita weight of 100 pounds, could be placed in one scale and our silver money and bullion placed in the opposite scale, they would still lack 3,620 tons of enough to balance the weight of the silver, and it would need the weight of sixty locomotives at sixty tons each to even up the weight. These object illustrations give some conception of what a vast pile of silver we have accumulated since the alleged great "crime of demonetization" in 1873, about which so much has been said. Less than nineteen per cent. of the whole is in circulation as dollars and fractional coins, and only twelve and one-half per cent. of the coined dollars are in circulation. Is there any good sense in coining any more silver to be piled up and taken care of at great expense, of no practical use, and instead of being a source of strength to the government, really a danger and menace, lest through partisan obstruction we are unable to keep it, and the silver paper based upon it, at a parity with gold, and are thereby driven to a silver basis?

THE BLAND AND SHERMAN PURCHASING ACTS.

When the Bland-Allison Act of 1878 was passed, requiring the government to purchase and coin not less than $2,000,000, and not more than $4,000,000 of silver per month, the free coinage men pressed for free coinage with all their might, but were obliged to accept the Bland bill as it finally passed. After trying it for twelve years they found that the production of silver had increased so rapidly that the price was constantly depreciating, so in 1890 they rallied their forces for another attempt at free coinage. A free coinage bill passed the House, but they were not strong enough to carry it through the Senate and were obliged to accept the Sherman Purchasing Act as a compromise or "make shift,"

as it has been called. This required the purchase by the government of 4,500,000 ounces of silver per month, at its *market* value. This would be 54,000,000 ounces per annum of a coining value of $69,600,000. This was estimated at about the production of silver in this country at that time. The free coinage men were sure that this would carry silver to par with gold or $1.29 per ounce. The passage of the bill caused a rise in the price of silver eleven cents per ounce, but it soon began to decline until the Sherman Act was repealed in November, 1893, when silver was worth only 74 cents per ounce.

Now, the free coinage men are making every effort to work up a sentiment in favor of free coinage all over the country. To be sure, there will be no possible chance for it to carry for three years yet, because President Cleveland will never sign a free coinage bill, even if it should pass Congress, but they wish to work up a sentiment for free coinage now for future use. You do not hear a word about further purchases of silver by the government at its *market* value and coining it on government account, but they demand free and unlimited coinage at a ratio of 16 to 1. This is the neatest scheme to rob the treasury that was ever devised, and they depend upon the ignorance and prejudices of the people, under the cry of "more money and cheap money," "down with the 'gold bugs,'" "the great crime of demonetization of silver in 1873," and other claptrap phrases to help them through with their schemes. By agitating this question before the people now they are preparing ammunition for the campaign of 1896.

WHAT THEIR SCHEME FOR FREE AND UNLIMITED COINAGE OF SILVER MEANS.

If a friend should tell you that he bought $50,000 worth of silver bullion, took it to the United States mint, and that the mint coined it into 100,000 silver dollars, and returned them to him free of charge for coinage, in place of his $50,000 worth of bullion; that he had taken them to the United States sub-treasury, and exchanged them for $100,000 in gold, and made $50,000 out of the government by the transaction, you would say that it was a great swindle upon the government, and yet that is exactly what free coinage of silver means.

It means that all the silver offered for coinage, up to the full capacity of the mints, must be received, coined at the expense of the government, and returned to the owner at the rate of two

dollars or more of coined money for one dollar of silver bullion for the reason that, at the present price of silver, there is less than 50 cents worth of silver in a dollar. By the purchasing acts, the government only paid the *market price* for silver bullion, which is now about 60 cents per ounce, whereas by free coinage the bullion owner would get its *coining* value, which is $1.29 per ounce. He would get the coinage value because he would get the coined dollars which he would immediately convert into gold dollars, and the government would buy his silver dollars when it made the exchange. This is a beautiful scheme if it can be carried through.

The capacity of our mints is about $40,000,000 of silver dollars per annum, and $20,000,000 of this would be clear profit to the owners of the silver bullion. A silver trust would be formed to buy up all the bullion in advance of the law, and vast fortunes would be made out of the government. The government would have to keep it on a parity with gold. As fast as it was coined, it would go to the treasury, and gold would be paid for it and thus the treasury would be depleted all the time, and no way to replenish it without the issue of gold bonds. How long could the government stand such a financial policy as that? It would lead to certain disaster. And who would be benefited? Not the government, for its secretary of the treasury would be at his wits end, as now, to keep any gold in the treasury. Not the people, for they would not get a dollar more than they get out of the vast amount of silver already piled up in the vaults at Washington. Only the silver mine owners, miners, and syndicates of speculators, who would buy up the bullion and make greater fortunes than ever were made by the sugar trust or the whiskey trust, and it would all be made out of the government, which would have to assume the whole load for it must take care of every dollar it coins.

Some enthusiastic silver men claim that with free coinage the price of silver would advance to a par with gold, but we know that this would not be the case for we have already tried the experiment by the purchase of nearly all the silver this country produced, but the only effect was to stimulate production of silver, and a consequent decline in prices, resulting from the supply largely exceeding the demand, and notwithstanding our vast purchases, silver declined from 89 cents, when silver purchases began, to 57 cents on the dollar, at the time silver purchases ceased. Others declare that we would bar out foreign silver, and

coin only the American product. This would be absurd, for if it is the good metal money its friends claim for it, we should take all that is offered, and a refusal to do so would be an acknowledgment of the inferiority of the white metel. What derision would be heaped upon gold if it required legislation to hold up its value? Others, again, say that we must have a monetary policy of our own, and that we are big enough and strong enough to take care of ourselves, and if foreign countries won't take our silver money at par we will not trade with them. This is also very absurd. We imported $866,000,000 in merchandise from foreign nations in 1892. If we will not pay them in good money, or its equivalent, they will not sell to us, and we cannot sell to them, for they will seek their purchases elsewhere. What then becomes of the beautiful theory. "Buy where you can buy the cheapest and sell where you can sell the dearest?" You cannot buy of them cheap unless you pay them good money; you cannot sell to them dear or at any price, if you will not buy of them in return, and pay them in good money.

THE PRODUCTION OF SILVER AND GOLD.

The increased production or silver and gold in the United States and in the world during the last thirty-three years is something marvelous. In this country alone we have grown from a non-producing silver country to the greatest silver producing country in the world.

In 1860 we produced only $150,000 in silver. In 1893 we produced $77,000,000, and during the same period of thirty-three years we produced in the aggregate $1,231,349,000 in silver, and during the same thirty-three years we produced an aggregate of $1,349,300,000 in gold. Here is an aggregate production of the two metals, gold and silver, of $2,580,649,000. Bear in mind that this is the production of gold and silver in the *United States* alone since 1860, and this country stands to-day in the lead of the nations of the world in the production of both gold and silver.

Now let us look at the *world's* production af gold and silver. In 1860 the *world* produced $119,000,000 of gold. In 1893 the world's product of gold was $155,000,000, the largest amount ever produced in one year. From 1860 to 1893, the world produced of gold $3,906,191,000, of silver in the same time $3,308,036,000, and an aggregate of both metals of $7,214,227,000.

Now the entire stock of *metal money* in the world is as follows: Gold, $3,901,600,000; silver, $3,931,100,000, and a total of $7,832,700,000; so that the world's production of gold since 1860 is nearly $5,000,000 greater than all the gold money in the world, and the production of silver since 1860 only lacks $600,000,000 of being equal to the total silver money of the world estimated at its coining value.

The production of silver in the world increased from $41,000,000 in 1860 to $208,000,000 in 1893, a five fold increase. In 1893 the United States produced 37% of the world's production of silver; Mexico came next, 23%; Australia third, with 13%; so that these three countries produced 73% of the world's production of silver.

The United States also leads in the production of gold, and in 1893 produced 23% of the world's product. Australia was a very close second, with nearly 23%; Africa produced 18%, and Russia 16%; so that these four countries produced 80% of the $155,000,000 of gold produced in 1893.

It is one of the stock arguments of the free coinage men that we need to coin silver because the production of gold has nearly ceased, and there is not enough of it to go around, or as they say, "to do the business with." The foregoing statistics show very conclusively that such statements are entirely delusive and untrue, for the world's product of gold during the last thirty-three years, since 1860, is greater than all the stock of gold, both coin and bullion, held by the principal nations of the world at the present time.

THE SINGLE GOLD STANDARD.

Nothing is more vehemently denounced by the free coinage men than the single gold standard. They demand a double standard, but what they mean by a double standard they do not explain. Everything they eat, drink and wear, buy and sell, is bought and sold on a gold basis. It always has been so ever since the foundation of the government, and it always will be so. Our unit of measure is a foot; for convenience in measuring, three feet are joined together and make a yard, which has become the standard of measurements in mercantile establishments. This measurement, or its equivalent, is the standard the world over. What sense would there be in having two standard yardsticks, one three feet long and the other four feet long? Would anybody be benefitted? Could anybody buy any more cloth for a dollar? We have a standard pound averdupois, and a standard pound troy; a standard bushel and a standard gallon. Sup-

pose anyone should demand that we have a double standard for all these. Would anybody buy any more for a dollar? Would anybody be benefitted thereby? No, but everybody would say that people who advocated such changes, or double standards, were next door to lunatics. Will not the same hold true of a double standard of money? In February, 1873, the gold dollar was made the unit of value. Both the silver and gold dollar remain exactly as they were established in 1834. Gold is the recognized standard by which everything is valued in this country, as it always has been. The law requires the silver dollar to be kept at par with gold, no matter how much its commercial value may depreciate. Can, or ought, any government do more than that? Ought any government to have two standards of money, one cheaper, and one dearer than the other? Such a course would only create confusion and distress with no possible benefit to anyone. From 1792 to 1873, while we coined but 8,000,000 of silver dollars, which was nearly all exported, we coined in the same time more than $800,000,000 of gold. We were certainly on a gold basis then, as now, and always will be.

CAUSES OF THE DECLINE IN THE PRICE OF SILVER.

For more than 100 years prior to 1873, the commercial or bullion price of silver was greater than its coinage value, and this was why our silver dollars were exported, and caused President Jefferson to demonetize silver in 1806. In 1873, the silver dollar was worth par with gold. Since that time silver has rapidly decreased in commercial value until now the silver in a dollar is worth less than 47 cents. In 1893, before the Sherman Act was repealed, it had dropped to 57 cents on the dollar, and this great and steady decline in value came in face of the fact that the government was a steady purchaser, at the rate of 54,000,000 ounces per annum, of a coining value of $69,600,000. What caused this great decline in the commercial value of silver? Some extraordinary causes were operating to produce such extraordinary effects. Let us see what they were:

First: Between the years 1871 and 1875, Germany, Norway, Sweden, Denmark and Holland adopted the gold standard, and ceased coining silver. Russia suspended silver coinage in 1876. The nations forming the Latin Union closed their mints to the coinage of legal tender silver money in 1878. Free coinage of silver was suspended by Austria in 1879, and the gold standard adopted in 1892. Germany also in changing from a

silver to a gold basis, melted down 89,695,700 ounces of silver coins into bullion, put it upon the market and sold at a loss of $23,000,000. This silver had a coining value of $115,707,400.

Second: In 1893 the mints of India were closed to the free coinage of silver, and the Legislative Council is preparing to put that country upon a gold basis. Here are eleven great nations that stopped the coinage of silver and adopted the gold standard from 1871 to 1893, and during fifteen years of this time the United States was headed in the opposite direction, and making heroic efforts, single-handed and alone, to hold silver up above its commercial value, and coin it into dollars which were growing less in value and purchasing power every day; but the greatest cause of the depreciation in the value of silver was the tremendous increase in its production. Up to 1860 the United States had produced less than $2,000,000 of silver, all told. The discovery of silver in the Rockies and Sierras immediately stimulated its production. In 1861 $2,000,000 of silver were produced. In 1864 it had increased to $11,000,000; in 1870, to $50,000,000, and in 1893, to $77,000,000; and this enormous increase in the production of silver in the United States was in the face of the demonetization of silver in most of the European countries. Nor was this all, for the production of silver in the world fully kept pace with that of the United States. The silver product of the world increased in thirty-three years of over 500 per cent.

These facts tell the whole story of the great decline in the price of silver—a tremendous increase in the supply and a greatly lessened demand. What supreme folly then for this government to attempt to turn the vast output of silver, even that produced in this country, into silver dollars, and maintain them at par with gold. It would surely lead to public and private bankruptcy, for we would inevitably sink to a silver basis, and ruin would be sure to follow.

THE WORLD'S STOCK OF MONEY.

The principal and governing countries of the world have all their money on a gold basis, although they have ample silver for ordinary domestic transactions. These countries comprise the United States, all of the countries of Europe, Egypt, Australia, Japan, Canada, Cuba and Hayti. They contain an aggregate population of 551,700,000. Their money is as follows:

Gold	$3,851,400,000
Silver	2,058,200,000
Uncovered paper	2,056,900,000
Total Money	$7,966,500,000

And nearly twice as much gold as silver.

The United States, with an estimated population in 1893 of 67,400,000, has of this money:

Gold	$ 668,000,000
Silver	624,000,000
Uncovered paper	469,000,000
Total money of the United States	$1,761,000,000

We have more gold than any nation except France; more silver than either of these countries.

The United States has 12% of their population

The United States has 17% of their gold.

The United States has 31% of their silver.

The United States has 22% of their paper money.

The average per capita in these countries is $14.42.

The average per capita in the United States is $26.02.

From this we see that we have an abundance of money, or the other nations have but half enough. We hear much of our being controlled by the bankers and "gold bugs" of London, and yet we have twenty per cent. more gold than Great Britain, nearly six times as much silver and three and one-half times as much paper money. Surely we are not under the control of England or any other country.

The silver countries are those which are on a silver basis and use silver money only. They include the South American and Central American States, Mexico, India, China and the Straits.

The population of these silver countries is 742,300,000. They have:

Gold	$ 50,500,000
Silver	1,873,000,000
Paper money	643,000,000
Total money	$2,566,500,000

Fifty millions of the gold and $600,000,000 of the paper money are in the South American States, leaving the other countries without any money but silver.

The average per capita of money in all these countries is only about $3.46, only abont one-eighth of our own per capita of money. They are on a silver basis and everything they import must be paid for on a gold basis, or, at the present price of silver, at the rate of two dollars for one. The depreciation of silver has been and is so great in India, with a population of 287,000,000, and money amounting to $987,000,000 in all, of which $950,000,000 are silver, has ceased coining silver and is preparing to go upon a gold basis. A Mexican silver dollar is seven and one-half grains heavier than ours, but is worth in New York to-day only 50 cents in our silver money, while our dollar in Mexico is worth 200 cents in their silver money. Why is this? Because ours is based upon gold and theirs is not, and is worth only its bullion value. We certainly do not want to sink to a silver basis and have our silver dollar, now worth 100 cents, reduced to a bullion value of 50 cents. To avoid such a catastrophe we must keep where this country has always been, on a gold standard basis, and cease accumulating silver.

WHAT IS MONEY?

Money is the power that wields the lever that moves the world. It is the power behind all thrones and the support of all nations. "Money makes the mare go," and it makes the world go. It is the basis of all civilization. It levels the forest, subdues the prairies, opens farms, erects manufactories, builds cities, homes, railroads and steamships, churches and school houses. It civilizes and enlightens, moves the wheels of commerce and brings all the world into close and harmonious relations. Without money no nation could long maintain its standing, but would retrograde to barbarism. It could neither defend itself nor its citizens.

If "the love of money is the root of all evil," then every man has the root of evil in his heart, for none are so rich as not to desire more money, and none so poor as not to long for the possession of it. An almost omnipotent power like this must have its embodiment in something tangible and that can be used in large and small quantities in commercial transactions and in the payment of debts. The fiat and free coinage men claimed that anything, whether paper or metal, which bears the government stamp is money, without any regard to its intrinsic qualities or commercial value, and that the law and the government stamp makes and creates the value of money. If this contention

be true, then by law and the government stamp, a twenty-five-cent coin can be raised at once in value to 100 cents by simply recoining and restamping it. On the other hand the sound money men maintain that money is the measure of all values, and as such it must have its embodiment in something tangible, indestructible, valuable, unchangeable. Something that rust will not corrupt, acids will not blemish, fire cannot destroy or change. Something that is easily divisible and can easily be coined into any desirable size or shape; something that is expensive to produce, exists in such small quantities and such rarity as to be in no danger of over-production and consequent depreciation.

This is both ideal and real money, and there is only one metal known to man that fills all these requirements, and that is gold. For many centuries, gold has been considered by all peoples and all nations as the most precious of all metals. Abraham returned from Egypt, rich in silver and gold. Later when he bought a burial place for Sarah he paid for it in silver, by weight, such as was current with the merchants. He paid out silver and hoarded his gold. He paid out his silver by weight, showing that there was no coinage in those days. Solomon, said to be the wisest of men, was a gold bug of the first water. All of his tableware and utensils for his very numerous family were of solid gold, and it is written that "he made silver as stones in the streets of Jerusalem for abundance," so he had no use for silver. Nebuchadnezzar erected an image 60 cubits high (90 feet) and 6 cubits wide (9 feet) at the base, of solid gold, for his people to worship. These wise old patriarchs knew the value of gold in their day and generation, and all the principal nations of the world have followed in their footsteps, and gold is now recognized by all nations, whether barbarous or civilized, christian or pagan, as the true measure of all values.

Theoretical economists have given many definitions of money to suit their own financial theories. Senator Jones, of Nevada, say, that "money is a function, rather than a material," but functions will not pay debts. Another says that "anything is money which performs the functions of money." If so, then if a farmer pays a grocery bill with butter and eggs, then his butter and eggs are money, because they perform the functions of money; or counterfeit money, which is often so well executed as to circulate a long time before it is discovered to be fraud, while it does circulate performs the functions of money, and therefore it is money. All such definitions of money are spurious.

Webster gives the correct definition of money. He says that "money is metal, such as gold and silver, coined, stamped and issued by the sovereign authority, as a means of exchange in financial transactions between citizens and the government."

This is a common sense definition, and it is what the framers of the Constitution believed when they provided that Congress should have power to coin money, and regulate the value thereof. No authority is given them to *make* money out of paper or anything else, and the authority to regulate the value carries with it the authority to regulate the amount of coinage.

They were simply to take metal, presumably gold and silver, coin and stamp it, so that every one would know that it was of proper weight and fineness. Its value was regulated by law and corresponded closely to European coinage. At that time, silver was a little more valuable than gold, but times and conditions are changed. Gold remains just as valuable as it was 100 years ago, but the immense production of silver during the past thirty years has largely exceeded the demand, so that what was a dollar in silver 100 years ago is now worth less than 50 cents. There are two kinds of coined money; standard money, which has a par value all over the world, and token money, which is that which passes for more than its real value. All fractional silver, nickels and pennies are token money. Silver dollars up to 1873 were standard money, but now they are only token money, and gold is the only real standard par value money in the world, and is the only money of ultimate redemption for everything which performs the functions of money. We call greenbacks, silver notes, gold certificates, and national bank notes money as a matter of convenience, but they are not money, strictly speaking, and do not pretend to be. They are simply promises to pay money. They are evidences of national debt. They are far more convenient and desirable than coined money for ordinary business transactions, and are just as safe, provided they are backed by gold, and are convertible into gold at the pleasure of the holder.

PAPER MONEY OR CURRENCY.

Although our stock of gold and silver amounts to the enormous sum of $1,292,900,000, comparatively little of it is used in the daily transactions of the people. As heretofore stated, we have $469,000,000 of uncovered paper money; that is, money not based upon coin, such as the national bank currency and our greenback currency, less the amount of gold in the reserve fund.

but our actual paper money of all kinds, both covered and uncovered, amounts to $1,169,000,000, and this is the money, so called, which is in active circulation, and which does the domestic business of the country to a great extent. Of the $421,175,051 of coined silver dollars, only $52,000,000 were outside of the treasury October 1st, 1894. It is found impossible to keep more than 55,000,000 silver dollars in circulation, simply because the people don't want them. In the West we are willing to take them in change for $5, but in the East they prefer small bills, and the government has to supply them what they want. So the only use that the government can make of its silver dollars is to make them the basis for its issue of paper money, and there are now in circulation $486,000,000 of silver notes or certificates based upon the coined silver dollars and the silver bullion now in the treasury. We have $77,000,000 of fractional silver coins; $64,000,000 of these coins are in circulation, and the balance are in the treasury.

With $1,169,000,000 of currency, or paper money, there is little need for metal money, except for small current expenditures. The people all greatly prefer paper money for ordinary transactions, the only requirement being that it shall be as "good as gold," and to make it good it is only necessary to put enough gold behind it, and conduct our general finances on such a strong basis as to convince the world that we will not depart from the well known and beaten road which has governed the principal nations of the earth for centuries. Not nearly so great an amount of money, to carry on the business of the world, is necessary, as many people think. Checks, drafts and bills of exchange do a large portion of the business. The sixty-four associated banks of New York City, forming the clearing house, with a capital of $61,000,000, cleared during the year of 1893, the enormous sum of $34,421,000,000. These clearings between these sixty-four banks was done with $1,696,000,000 of actual money paid, or less than five per cent. The average daily clearings were $114,000,000, and the average daily balances paid in money was only $5,616,000, and these daily balances are always paid in gold.

This statement reveals the wonderful fact that these sixty-four banks, with an aggregate capital of $61,000,000, cleared every day in the year $114,000,000, or nearly twice their combined capital.

FIAT MONEY.

What is fiat money? Our silver friends declare that all money is created by law, therefore it is all fiat money. This is one of the numerous fallacies in their arguments. Fiat means a decree; a "let it be done," a creation. God said, "let there be light, and there was light." It was a creation; the creation of something out of nothing. A legislative body can do nothing of the sort. It can create nothing. It can decree that a street shall be paved, and who shall pay for it, but it can have nothing to do with the creation of the materials out of which it decrees that the pavement shall be constructed, or putting the material in place.

Congress can pass a law declaring how many pounds shall make a bushel of wheat, and how many ounces shall make a pound of sugar; but it cannot create a bushel of wheat, or a pound of sugar, or anything else. It can declare how many grains of silver or gold shall constitute a dollar, but it can have nothing to do with the creation of the silver or gold in a dollar. Neither can it create or regulate values of products or commodities. Values are created not by legislative act, but by the operation of commercial law, and the law of supply and demand, and no legislative act can alter or annul them. By common operation of commercial laws, all of the principal nations of the earth have agreed for centuries, upon the value of an ounce of gold, and have made gold the standard measure of values. This is a fact which no sensible man will attempt to gainsay.

It is not necessary to inquire how it came to be so. The fact that it is so and we cannot change it, is sufficient. For many years silver had a commercial value from one to four cents greater than gold, at a ratio of 16 to 1, and kept a little in advance of gold at that ratio, or gold being rated at sixteen times the value of silver. Were the conditions now as they were in 1860, and likely to remain so, there would be no objection to the free coinage of silver; for the reason that every silver dollar would be worth as much as a gold dollar. But now the conditions are all changed. The production of silver in 1893 was five times as great as in 1860. All the principal nations have ceased coining silver. Production is greatly increased, demand is greatly decreased. A constant depreciation in bullion price of silver is the result, until now what was a dollar in 1873, is worth but 47 cents. Then a dollar passed as 100 cents on its

own merits. Now, it is worth but 47 cents, but passes for a dollar, not on its own merits, or because it bears a government stamp, but because the law makes it convertible into gold. It is this convertibility into gold that makes the silver dollar equal in purchasing power to a gold dollar. That is all there is to this question which many declare they do not understand. It has been surrounded by so much false statement, and rhetorical fog and flourish, that it is no wonder that the people do not understand it.

An attempt of the United States to coin all of the vast annual product of the silver mines into 100-cent dollars, which are worth less than half a dollar, would be fraught with great peril to the nation, for each dollar would have a real value of but 47 cents, and a fiat or fictitious value of 53 cents, and the nation would have to make this fiat 53 cents equal to 53 cents in gold, by buying it, and paying gold for it, for the moment it pays a thousand dollars in gold for a thousand 47 cent dollars, it is equivalent to buying them, and the government would be out $530 in gold for every one thousand dollars it received in silver or silver certificates. The government has already loaded itself with 500,000,000 of such half real and half fiat dollars, and is in consequence to-day in a position to be bankrupted by any syndicate of "gold bugs" who can raise $50,000,000, and desire to make a raid upon the treasury and draw out its small supply of gold. What a humiliating postion for a great, rich and prosperous nation to be in.

If the free coinage fiction, that the stamp of the government creates value upon anything to which it is stamped, were true, then why coin metal so expensive as silver into money? Why not take aluminum, which is worth only 50 cents a pound, and has many qualities equal to silver, especially as to color and brightness, and coin it into dollars, halves, quarters, and dimes? Or if they insist upon having silver dollars, then stamp what is now a half dollar, as a dollar, and each dollar as two dollars. This would double our silver money, and give us 1,248 millions of silver coins, where we now have but 624 millions. This would be entirely the correct thing to do if their theory be correct. A mere suggestion of such a thing shows its absurdity.

It would be an easy thing for the government to print any amount of fiat money. It would only need to issue paper money of the same size and style of the present treasury notes, and stamp upon it the same legend that is now stamped upon the

silver and gold coins, or to make it more decisive and emphatic, stamp upon these notes "The United States of America declares by act of Congress that this piece of paper is one"—one hundred or one thousand dollars, as the case may be. This would be fiat money pure and simple. It would bear upon its face the omnipotent stamp of the government. It would be an attempt by the government to create something out of nothing; and what would such money be worth? It would cost almost nothing; it would represent nothing but the folly of the government, and it would be worth nothing. The one dollar and the one thousand dollar bill would cost just the same to produce; then how could one be worth a thousand times more than the other? And how could such money, which has no value in itself, become a measure of all things which have value? Let any "fiat money" man, who has plenty of leisure time, figure it out, and answer the conundrum.

But in all seriousness, if the fiat money idea is brought down from the misty clouds of rhetoric, to the solid ground of logic and common sense, it will be found to contain only a vacum. We have had notable examples in this country of the issue of vast sums of fiat money, and forcing people to take them.

When our Revolutionary fathers were engaged in that long and desperate eight years' struggle for independence, they found themselves confronted at the beginning with an empty treasury, and instead of resorting to a system of taxation, as we did during the late Civil war, they issued fiat paper money without any means for redemption. The first issue was for $3,000,000 on the 22nd of June, 1775. In November following, a second issue of $3,000,000 was made. A third issue of $4,000,000 followed in February, 1776. At first they circulated at par, but soon the people grew suspicious of them. In six months after the first issue Congress passed a resolution declaring "that evil disposed persons were endeavoring to depreciate this paper, and all such persons should be deemed, treated and published as an enemy of his country." In May and November, 1776, $10,000,000 more paper money was issued. In December, 1776, General Isrial Putnam, in command at Philadelphia, issued an order as Major-General of the army, declaring, "that any person so lost to public honor as to refuse to sell his goods for the Continental money, that his goods should be forfeited, and the person so refusing should be imprisoned," but the order produced no effect, and the paper continued to depreciate. Congress then passed a long preamble

and resolution declaring "that persons who refused to take this money in extinguishment of debts, the debts should be forfeited. At the end of 1777, $38,000,000 were outstanding, and had depreciated to 25 cents on the dollar. At the end of April $51,000,000 were out, and passed at 6 to 1 for specie. Things went on from bad to worse, and the patriots were sorely pressed to get food, clothing and ammunition for the army. A hand bill, published in Boston, June 16th, 1779, illustrates the feeling that existed towards those who refused to take this worthless fiat money:

"Sons of Boston, sleep no longer! Rouse and catch the Philadelphia spirit; rid the community of those monopolizers and extortionists, who, like canker worms, are gnawing at your vitals. They are reducing the currency to waste paper by refusing to take it. We have borne with such wretches, but will bear no longer. Ye inhabitants of Nantucket! Ye who first introduced the accursed crime of refusing paper money; quit the place or destruction shall attend your property, and your persons be the object of vengence."

Here was the true and genuine fiat money supported by the intense patriotism of the people and the Continental Congress, and yet with the threats of Congress, of major-generals, and of the people against those who refused to take it, it could not be made to circulate. At the end of 1779, these fiat dollars had depreciated to 40 to 1. In 1781, they had sunk to 500 to 1, and were no longer considered of any value. The law making these notes money was repealed, and they were a total loss to those who held them. The Continental Congress was reduced to the humiliating position of declaring its notes were not money, after trying in the most arbitrary and tyrannical manner for five years to coerce its citizens to accept them as money.

Thus ended the first great experiment in fiat money in this country. It begun with nothing and ended in a vacuum in the pockets of thousands of patriotic citizens. Two hundred and forty one million dollars of this fiat money in all were issued. It ought to be an object lesson to our fiat money friends, who hold that the stamp of the government gives value to money.

The same experiment was tried by the Southern Confederacy for four years, on a much larger scale, but with the same ultimate result, and the Confederate fiat money, like all fiat money, began in nothing and ended in nothing, except to rob those who trusted it and accepted it as money. And thus will it ever be with those who put their faith in fiat money.

FINANCIAL FALLACIES.

Among the numerous vagaries that pervade the minds of many people, perhaps none is more widespread than that the government can make money. The government can coin money, but cannot make it. The government must give value received for every dollar it issues in the form of paper money, and the money it pays out for all its vast annual expenses is received day by day from taxation in some form, except the small amount it receives from sales of its public lands or other property. The vast purchases of silver by the government was a financial fiction. How could the government purchase $50,000,000 of silver when it had no money with which to pay for it? Precisely in the same way that a man without money would buy a house and lot for $5,000 and issue his promise to pay, or note, payable on demand, without interest, for the whole purchase money.

For all of the vast purchases of silver from 1878 to 1893 the government did not pay a dollar in money. It only issued promises to pay the bearer, whoever he might be, the number of silver dollars represented by the batch of silver which it purchased or issued treasury notes therefor. So every dollar of it was bought on credit, and as the silver was known to be insufficient security in itself, the law declared that the gold in the treasury should also be pledged as security. This was done by the government pledging itself to make them convertible into gold. The tariff and the internal revenue taxes are the resources of the government for money. Instead of being barely sufficient to pay current expenses, or not enough even for that, and thereby compelling the issue and sale of gold bonds, the revenue ought to be at least $10,000,000 per annum over and above all needs of the government, and all these taxes should be payable in gold, and thus keep the treasury supplied with gold instead of being obliged to borrow it. This sum ought to be reserved in gold as a basis for issuing, redeeming and retiring our promises to pay treasury notes from time to time, as more money is needed, provided it shall be the policy of the government to continue the issuing of treasury notes. These notes would be true representatives of money, because the government would already have gold of its own in the treasury with which to redeem them, and no other plan is a safe one.

A few years ago the people were greatly excited because the government had a large surplus of gold in the treasury which it used to pay off its bonds as they came due, build post office build-

ings, war ships, etc. Now, under public clamor, the laws have been so changed that instead of a surplus we are constantly confronted with a deficit. The individual who a few years ago was wrestling with a surplus, and is now wrestling with a deficit, finds the latter the much more difficult problem, and the secretary of the treasury has been roundly abused while wrestling with this great deficit problem, because he was absolutely compelled, in order to protect the credit of this great government, to make two issues of $50,000,000, gold bonds, with more in the future. For this patriotic and absolutely necessary action the administration has been roundly abused by thousands of people who ought to know better, and charged with being the tools of the "gold bugs and money sharks" of New York and London.

The government is debtor to all the people who hold the paper money issued by the treasury, and every person who holds such paper is a creditor of the government. This paper money, issued by the government on the first of September last, amounted to $961,000,000—in round numbers, as follows:

Gold certificates	$ 66,000,000
Silver certificates	338,000,000
Treasury notes, Act July 14, 1890	152,000,000
United States notes	346,000,000
Currency certificates, Act June 8, 1872	59,000,000
Total	$961,000,000

Every man who owns five, ten or a hundred dollars of this money, is a creditor of the government, and each bill states upon its face that the United States will pay the bearer so many dollars, and does not pretend to be money itself, in the true sense of the word, but only a promise to pay money.

These paper dollars are carried upon the books of the treasury as non-interest paying debt, and to this immense issue of promises to pay may be traced most of our financial troubles, and to the purchase of so vast a supply of useless silver is due the issue of 490 millions of silver certificates which are now being used to draw gold out of the treasury. The gold reserve has been reduced so low that a panicy feeling has seized upon the minds of the people. The treasury is in exactly the same condition of a great bank when its assets are being drawn out month after month and its weak condition is paraded before the public day by day. The weaker its condition gets the greater the draft

upon its resources. A steady run has been made upon the treasury for more than a year. It has had the power so far to sustain itself by selling gold bonds, but this is only a temporary relief. When the checks come into a bank and are paid, the liabilities are reduced that much, but when the treasury pays its notes in gold, instead of being cancelled and reducing the liabilities, the same notes are reissued, and the more gold we buy the more we have got to buy. Could anything be more absurd and idiotic? And it should be remembered that this dangerous condition of things has been forced upon the country by the insane clamorings for the free coinage of silver, and our great accumulations of silver, and silver certificates issued to pay for it.

Another kindred fallacy, is that money and capital, and those who have them, are the enemies of the people. The people are indebted to corporate capital for almost everything that makes life comfortable and worth living. It builds our railroads, steamships, churches, school houses, court houses, and city halls. It gathers up the raw material from above and under the ground, and converts it into all the various uses of civilized life. It makes our clothes, furnishes us with food, lights and warms our houses and even furnishes us the water we drink. It furnishes the farmer with ingeniously constructed implements for crop raising. It transports his products to distant markets, and brings purchasers to their very doors. It builds great factories, and employs vast armies of men. It loans money to the people, and to their governments. Every bond of indebtedness issued by towns, counties, cities, states and the United States, is sold to corporate capital, and yet, strange to say, the silver producers, although many of them have made princely fortunes from their mining operations, are the only owners of corporate capital that escape the censure and condemnation of vast numbers of people. For them is given all praise and sympathy. There seems to be a strange and unaccountable antipathy against all other corporations, and even the employees of corporations, array themselves against those who furnish them employment, and support for their families, and combine to injure and destroy their property; and this animosity towards corporations extends in a large degree, to individuals who have, through energy, business tact, or fortunate investments, accumulated handsome fortunes. Such are looked upon as robbers, and are called in terms of derision and contempt, "gold bugs," "money sharks" and "shylocks." It matters not that these despised people are the ones that the government relies up-

on for aid when in financial straights, and they are to-day carrying almost the entire bonded debt of the government at 2 and 3 per cent. per annum.

It is one of the strange things in American politics, that a political party having great strength in several states, has its fundamental basis upon these financial vagaries, and others equally absurd. The orators of this party seem to delight in stirring up the animosity of the people against both corporations and individuals, forgetting that as a farmer cannot make his cows give down their milk by beating them with a club, so a capitalist or millionaire cannot be made to invest his money in any enterprise, where labor is to be employed, when threatened with strikes and boycotts by the very men he employs, and who, instead of being his friends, are his enemies.

These misguided people seem to believe the salvation of the country depends upon overthrowing all well established monetary and economic laws and starting upon fanciful and visionary theories, utterly absurd and impracticable. Instead of the people supporting the government, they profess to believe that a government of the people, by the people, and for the people, ought to support the people.

A BIMETALIC INTER-NATIONAL CONGRESS.

Much interest has been excited in this country from time to time as to what an International congress may some time do in relation to adopting an international basis for the coinage of silver. Already four International congresses have been held upon this subject. The first met in Paris in June, 1867. It was called by France. Eighteen European countries were represented. The conference, after many sessions, voted unanimously, except the Netherlands and the United States, in favor of a single gold standard.

The second was held in Paris at the request of the United States. It met August 16, 1878. Twelve countries were represented, Germany declined to send delegates. The conference decided that silver coinage should be left to the discretion of each country.

The third congress was called by France and the United States, and met in January 1881; nineteen countries were represented. After many sessions the leading delegate from Sweden declared that bimetalism had collapsed. The Congress adjourned after a three months' session, and nothing was accomplished.

The fourth congress was held in Brussels in November, 1892. It was called by the United States; twenty countries were represented. Nothing was accomplished. The English delegates declared for gold monometalism. The French declared that they had all the silver they wanted. The Germans declared that they had no intention of changing their monetary system. The Austrians were instructed by their government to take no part. The Hollanders would do nothing unless England and Germany would join, so this conference, like those before it, accomplished nothing. It adjourned until May, 1893, provided the different governments should approve of their re-assembling. The congress did not meet again, and that is the last, probably, that will be done toward international coinage. Nearly all the governments were on a gold basis, and several had ceased coining silver since the first congress met in 1867. They doubtless met the United States delegates more as an act of courtesy than the expectation of accomplishing anything towards returning to silver coinage in their several countries. Nor could they be expected to, for most of them had adopted the gold standard within the last twenty years, and were too wise to commit themselves to coining money at double its market value.

CAUSE OF PANICS.

The prime cause of all panics is speculation. If men only bought what they need, and have use for, and have money to pay for, there would be no panics. Every American born citizen is a natural born speculator. He finds himself surrounded by an environment of speculative interests and influences, and sooner or later joins in the procession. Town lots, vacant lands, stocks and bonds of all descriptions, options in corn, wheat and pork, lottery tickets, pools on races and prize fights, and betting on every thing are the different forms of speculation which attract men and rob them of their money in their insane desire to get something for nothing. Every one who remembers the panics of 1857 or 1873 will remember the extraordinary speculation which preceded them. The extraordinary boom in real estate in 1886 and 1887, all will remember. A great wave of speculation swept over all the land. Railroads were built everywhere. New towns, villages and cities sprang up like Jonah's gourd, almost in a night. Farms were laid off into

town lots, and sold by the front foot, or square foot. Great populations were added to all the cities. Great buildings were built where not needed. Imaginary fortunes were made in a few days. Everybody was loaded up and expected to unload upon somebody else.

In July, 1887, a halt was called all along the line. The day of liquidation had come. Everybody was in it and anxious to get out of it. The large majority have since got out by aid of the trustee and sheriff. The tremendous decrease in values left wrecked fortunes behind it, but the real panic was postponed until 1891, when the failure of the great London banking house of Baring Bros., who had been speculating in the Argentine Republic, for one hundred millions of dollars, precipitated a bank panic in this country, which carried many banks, many business firms and individuals to the wall.

During all this time, beginning in 1878, the United States government was carrying on the biggest speculations of all, so great, indeed, that the Baring Bros., in comparison seemed insignificant. The United States took upon itself the task of turning the product of our silver mines into 100-cent dollars. At the time it began this hazardous experiment, the value of a silver dollar was 89 cents, and the world's production of silver was $95,000,000. In 1890, after buying and coining silver at the average rate of $30,000,000 per annum for twelve years, the value of a silver dollar had declined to 75 cents, while the production of silver had almost doubled, reaching in 1890 the vast sum of $172,000,000. Common sense demanded a halt in this wild attempt to turn all this vast amount of depreciated metal into 100-cent dollars, but the silver mine owners and speculators raised such a cry among the people about the "great crime of demonetization" that enough free silver members of Congress were elected to pass the so-called Sherman Act, whereby the government was compelled to buy 54,000,000 ounces of silver per annum, of a coining value of $69,660,000, equal to the production of the silver mines of the United States that year. The secretary proceeded under this law to buy 4,500,000 ounces of silver every month. The contention was that this law would carry silver to par with gold. It raised a few cents at first, and then rapidly declined until November, 1893, when the purchasing clause of the Sherman Act was repealed, and the silver dollar was worth but 57 cents. After the passage of the Sherman Act, financiers all over the world opened their eyes to what the United

States were doing and attempting to do. They saw that at the demands of Congress, elected by people who know nothing whatever about the great economic principles involved, the government was forced into the most gigantic speculation the world had ever known, that is, buying up thousands of tons of silver, depreciating every day, coining all this silver into dollars, and making them of par value by redeeming them in gold. The greater the purchases of the government, the greater the production of silver; and the greater the production of silver, the greater the depreciation in value. When was this thing to stop? If carried on much longer, it would drive the nation and the people into bankruptcy.

The condition of things gradually grew worse. Cleveland was inaugurated President on the fourth of March, 1893, and soon thereafter the $100,000,000 gold reserve, set aside especially for the redemption of the $346,000,000 of greenbacks, was invaded to pay the government current expenses. The invasion of this gold reserve startled the whole country. Week by week the reserve grew less and less, until only $80,000,000 were left. Everybody declared that there was nothing to prevent the country going upon a silver basis, for, while the gold was running out, the government was buying 4,500,000 ounces of silver every month, of a coining value of $5,800,000, but really worth at that time only 60 cents on the dollar. Could the national situation be more deplorable? One hundred-cent gold dollars running out, and 60-cent silver dollars running in. We had already purchased more than $400,000,000 of silver. At last the cyclone struck us in all its fury. We were rapidly drifting upon the rocks of a bankrupt treasury, and a debased currency, and everybody knew it. The panic the country passed through was by far the largest, severest and most disastrous we have ever experienced.

One hundred and fifty-eight national banks suspended payment. State banks, savings banks, private banks, loan and investment companies, mercantile establishments, great and small, went down like a prairie village before a cyclone. The wheels of commerce were stopped, and the whole country stood aghast at the wreck and ruin caused by this silver panic, induced by the government itself becoming a speculator in the white metal, not because its administrative officers desired it, but because they were compelled to do it under unwise laws passed by Congress. The situation was so distressing and dangerous

that the President was constrained to call Congress together in special session to repeal the purchasing clause of the Sherman Act, which was believed by the wisest men of both political parties to be the immediate cause of our financial woes. The repeal was accomplished in November, and the financial panic became a thing of the past, and where a year ago all was panic and confusion, now all is distressingly quiet. Confidence in the banks has returned, they have more money than ever before, but confidence in the ability of the government to maintain all of its vast silver and paper promises to pay at a parity with gold is every day growing less. There is no computing the loss of business and shrinking in values caused by this great panic precipitated upon the country by the extraordinary folly of the government in loading itself up with an excess of 15,000 tons of silver which it cannot use, has no use for whatever, which it had no money to pay for, and which is depreciating in value in its vaults every day.

Before the panic and during its continuance, tens of millions of stocks and bonds, owned by foreigners, were sent home, sold, and the gold to pay for them was sent abroad, thus draining us of our gold. As if purposely to cripple the government the Bland-Allison bill made silver dollars full legal tender. Before that the impost duties were payable in gold. That caused a steady flow of gold to the treasury and kept it well reinforced. Now the impost duties are payable in any kind of money that is handiest, and the consequence is that during many months not a dollar in gold is paid into the treasury, and the only way to replenish the treasury is to issue gold bonds and buy it. Such legislative folly is incomprehensible, but it was done in the interest of silver, and to give added value to that depreciated metal.

That this great panic was caused in the main by our immense silver purchases there would seem to be no doubt in the mind of every thinking man, for there was no speculation, and individuals and corporations had been on a conservative basis for many months. The danger of tariff changes were at least a year ahead. The treasury reserve was rapidly dwindling away and the treasury was in exactly the condition of a great bank in distress for money to meet its current obligations, and its condition being published to the world every day in the week. The run upon the treasury has been steady and constant, and seems to be growing in strength every day.

As a great irrigation reservoir gathers up all the surplus rainfall from the surrounding watersheds and distributes it when needed in gentle streams upon the thirsty fields below, causing them to blossom as the rose, so a great bank gathers up all the idle and surplus money within the zone of its influence and loans it to those who need it for business purposes, thereby contributing greatly to the prosperity of the community in which it is located.

During the late Civil war the necessities of the government caused it to issue treasury notes, or promises to pay, to use as money, and it also provided for the establishment of National banks. While both of these were innovations on the part of the government, each in its proper sphere has done most excellent service, and fully realized the expectations of its advocates and originators.

In 1878 the passage of the Bland bill required the government to make very large purchases of silver bullion and coin it into silver dollars, and in payment therefor to issue silver certificates. As the government had no money with which to buy silver, it issued silver certificates or treasury notes to the amount of the cost of each batch of bullion which it purchased. This was exactly in effect to issuing a chattel mortgage upon the silver and created a debt evidenced by the government issuing promises to pay silver dollars to the amount of the cost of the silver bullion.

As these silver dollars and silver treasury notes were made full legal tender, even to the extent of being received for impost duties, and are convertible into gold and kept at a par with gold, it was equivalent to issuing gold certificates in the first place.

The government, then, has assumed full control of the monetary affairs of the country, and itself has assumed all the functions of a bank of issue. The old treasury notes, or greenbacks, since resumption of specie payment in 1879, have given us an admirable and stable paper currency to the amount of $346,000,000 permanent circulation. This currency, supported by $100,000,000 of gold reserve had the confidence of the people until the gold reserve was allowed to dwindle away.

But during the last few years the gold reserve has been loaded up with the duty of carrying the additional burden of about 500,000,000 silver dollars and silver certificates, and at the

same time the gold reserve has been used for current expenses until now less than $60,000,000 are left in the treasury. Thus, this small amount of gold is supporting $960,000,000 silver and paper money. It is plain from this that we are traveling upon very dangerous ground, and such as no wise financier would dare stand upon, and if anything should unexpectedly occur to produce another bank panic a raid would doubtless be made upon the treasury for gold, which would cause a panic more disastrous than the great silver panic of 1893. The utter indifference with which this great danger to the government and the prosperity of the country is regarded by Congress is very extraordinary and unaccountable.

A strange feeling of animosity exists in many parts of the West and South against all banks, and especially against National banks. This animosity seems to be engendered by the idea that these banks are great favorites of the government and that they make too much money, that they buy government bonds and issue currency on the basis of these bonds which they loan, and thus draw double interest. If they would take the trouble to look into the matter they would find that the banks, instead of issuing all the money possible under the law, issue as little as possible, and that the average dividends paid by all the National banks in the United States during the last five years was less than seven per cent. per annum. The highest amount of national bank currency ever outstanding was in 1882, when it was $360,000,000. Now it is only $207,000,000. The National banks give us a currency that is equal to any in the world, and it is not only good all over the country when a bank is solvent, but is equally good if, by any misfortune, a bank should become insolvent. Why our people should have a feeling of hatred towards banks of this character, owned and controlled by their own fellow citizens, friends and neighbors, no one can tell.

The National banks of New York have several times rendered signal service to the government in advancing gold when the treasury was in great need of temporary help. Perhaps the most important service rendered to the country at large by the National banks was during the height of the great silver panic in 1893, when great runs were made upon all the banks and currency was at a heavy premium, they paid their depositors in certified checks and issued clearing house certificates to the amount of $38,280,000. The comptroller of the currency declares that the issuing of these certificates not only "averted general disaster to

the banks, but prevented general commercial ruin." No doubt but for these expedients every bank in New York City would have been obliged to close its doors, and that would have closed every bank in the United States and carried commercial ruin in its wake.

The great danger of the government assuming the functions of a bank of issue and the management of our national monetary affairs, lies in the fact that everything connected with the issuing of currency rests with Congress, and no one knows what an unfriendly Congress, elected by people whose only idea is that existing institutions must be overthrown, might attempt to do.

THE DEMONETIZATION OF SILVER IN 1873.

There have been many political tears shed over the "great crime of the demonetization of silver in 1873," but there was no demonetization and no crime. Such talk is purely a sentimental idea and is used for political effect. Webster says that demonetization means "ceasing to use as money, or to destroy the value as money," and Webster is right. We have neither destroyed silver as money, or ceased its use as money, but on the other hand have made great efforts to keep its use as money equal with gold. In 1792 the gold and silver dollar were both fixed by law in weight and fineness, but the silver dollar alone was made the unit of value. In 1873, in view of the rapid production of silver, it was forseen that the silver dollar would depreciate in value, so the unit of value was changed from the silver to the gold dollar. No change whatever was made in the weight of the two coins. If the change demonetized silver, then when the silver dollar was made the unit of value in 1792, gold was demonetized, but gold was our standard all the same, and prior to 1873 we had coined more than one hundred times as much gold as silver. We stopped coining silver dollars in 1873, but coined $77,000,000 of silver into money in five years after the alleged demonetization. In 1878 we began coining standard silver dollars, and for fifteen years it was a race to a finish between the silver producers and the United States mints. The producers came out tens of millions of dollars ahead, and the United States was obliged to give up the unequal race in despair, and turn its attention to keeping its depreciated dollars on a parity with gold. We have coined since 1873 and are now holding $624,000,000 of silver at par with gold and, like France, Great Britain, Germany and other

first-class nations, we ought to call a halt, take care of the silver we already have, and take a rest on the free coinage question until we find what use we really have for the vast accumulation of silver we already have on hand.

A DANGEROUS MONETARY STRUCTURE.

If an architect should construct a great building upon broad and deep foundation walls, after carefully calculating the weight which every part must carry, and then every year after it was completed should add another story to its height for fifteen years, and then in addition to this greatly added weight should put men at work and take away 40 per cent of the foundation stones to use for other purposes, you would say that the man was crazy, and that his building would crack, settle and fall to the ground, and yet that is exactly the condition of our great monetary structure. It was built upon a solid foundation of $100,000,000 of gold, amply sufficient to carry its super-structure of $346,000,000 of greenbacks, but every year for fifteen years we added a story of $30,000,000 of silver dollar notes, until it was top-heavy and unstable. This was bad enough, but we have been sapping and mining the gold foundation, until 40 per cent has been taken away and used for other purposes. Worse still, our National political architects absolutely refuse to give the secretary of the treasury authority to restore the weakened foundation to its former strength and stability. Has all wisdom departed from our law makers, or are they determined that our monetary structure shall fall to the ground, and bring ruin and desolation upon the people?

SENATOR JONES, OF NEVADA,

who is probably the ablest advocate of free coinage, in an eight days' speech in the United States Senate, in October, 1893, says all that can be said in favor of free coinage of silver, although a very large portion of his speech is entirely irrelevant to the subject. His main contentions are unsound, and not in harmony with the facts. Through all his long speech he produced no statistics, for they were all against him, and so he contented himself with declaring that statistics were unreliable and totally ignoring them. He denies the increased production of silver, and says that the only silver mines of any account are those at Leadville, Aspen and Comstock, and that the latter are nearly exhausted, while Colorado alone produced last year $29,000,000 of silver. He says that the mines of Mexico are so poor that while

the tracks into them bear marks of shoes, the tracks leading out of them are bare-footed, and yet Mexico produced $59,000,000 of silver in 1893.

He declared that the production of gold has nearly ceased, and that the world has been raked as with a comb for more gold and it cannot be found; and yet the world's production of gold last year was $155,000,000, the largest output ever produced in one year, and the director of the mint estimates the gold production of the world for 1894, at $175,000,000. He denies that gold has any "intrinsic value" but he cannot deny that gold has "intrinsic qualities" which give it an established value all over the world. To deny this is to beg the whole question of money and an admission that he has no case. If gold has no intrinsic qualities which give it value, how does it happen that we have always rated it as 16 times more valuable than silver? If gold, which is the only thing that has an established value all over the world, has no value, then it necessarily follows that nothing has any value, and that "value" is a delusion and a humbug. This corresponds to the Christian scientist theory that there is no such thing as pain or disease, but such things are purely imaginary, and if a man finds himself nursing a broken leg it is not broken but only an imagination.

He maintains that silver is steady in value, while it is gold that fluctuates. He admits the law of demand and supply but denies that they apply to silver, when everybody knows better.

These contentions are the essence of the whole silver question. If they can be maintained, then the free coinage men will win the case. If they cannot be maintained, then all arguments based upon them are without foundation and must fall to the ground, and facts and official statistics overthrow every one of them.

THE FREE COINAGE MEN.

delight to point to France, and declare that France, with its $700,000,000 of silver is the most prosperous of nations on account of its great supply of silver. But France, instead of $700,000,000 of silver, has but $500,000,000, and only $50,000,000 of that is full legal tender like our silver dollars. But the silver men never tell you that France has $800,000,000 in gold, and $110,000,000 of paper, and that the $500,000,000 in silver and $110,000,000 of paper, $610,000,000 in all, are supported and sus-

tained by $800,000,000 of gold, or in other words, fifty-six per cent. of all its money is gold. They forget to tell you, too, that France has all the silver she wants and stopped coining, or "demonetized" silver in 1878, with the other nations of the Latin Union. No wonder that with $1.30 in gold to every dollar in other money we never hear of money panics in France, and that her industrious and frugal people are prosperous under the reign of sound money. We would do well to follow so good an example, for it is in strong contrast with our own reckless and disastrous financial experiments.

THE SO-CALLED SHERMAN ACT, WHEREBY IT IS ALLEGED THAT SILVER WAS DEMONETIZED IN 1873.

Perhaps no law was ever passed by the Congress of the United States that has caused such widespread criticism and denunciation as the so-called "Sherman Act" of 1873. John Sherman, the "grand old man of Ohio," who has been in public life for forty years and a conspicuous figure in American politics for more than thirty years, and who is the author of more of our standard laws than any other man, and who, it is alleged, was the wicked author of all our woes as the formulator of the act which bears his name, and which is called by many the greatest "legislative crime of the age." is denounced by the free coinage men, many of whom are his political friends upon other subjects, as a traitor and enemy of his country, and as an ally of the "gold bugs" and "money sharks" of Wall street and of London. Like most free coinage men, they jump at conclusions, regardless of facts, for the facts are all against them. It will probably surprise them to know that this much abused act was not formulated by Senator Sherman at all.

It was formulated in the treasury department by Hon. Geo. S. Boutwell, Gen. Grant's secretary of the treasury, and his associates. It was a very long bill, taking in all the coinage from the first establishment of the mint. It was reported by Secretary Boutwell to Senator Sherman, chairman of the finance committee, on April 25, 1870, and the fact that Sherman was chairman was doubtless the reason that the bill took his name. It was before the committee eight months, debated three days in the Senate, and passed on roll call, thirty-six ayes and fourteen nays.

This bill dropped out the standard dollar. Senators *Stewart* and *Nye*, of Nevada, *both voted for it*, and *Sherman* voted

against it. Bayard, Conkling, Hannibal, Hamlin, Morton, of Indiana; Saulsbury, Charles Sumner, and Allen G. Thurman were among the prominent senators who voted for it, and Anthony, Matt Carpenter, Zach Chandler, Fenton, of New York; Morrill, of Vermont, and John Sherman, were prominent among those who voted against it. The bill, as it passed the Senate, dropped out the silver dollar. It went to the House where it was printed and debated for a long time, and especially section sixteen, dropping the silver dollar. Finally, on the 27th of May, 1872, it passed the House with an amendment to coin a dollar of 384 grains of silver, equal in weight to two half dollars, but 28½ grains lighter than the standard dollar, and of the exact value of the French 5 franc coin, or about 94 cents. It went to the Senate where, after a long time, it passed with the 384 grain dollar striken out and the trade dollar of 420 grains substituted. It then went back to the House. The House refused to pass it with the Senate amendment. A conference was held between the coinage committees of both Houses, all differences were settled and it then passed both Houses unanimously, and became a law in February, 1873. Thus it was in the two Houses of Congress almost three years before it became a law; was printed sixteen times with the amendments, and was thoroughly debated in both Houses before it became a law, at last it passed both Houses *unanimously*. Democrats and Republicans joined in passing this "greatest crime of the Ninteenth Century."

It is repeatedly declared by free coinage orators that this bill was sneaked through Congress. It was introduced in the Senate, April 25, 1870, became a law in February, 1873, after being before Congress almost three years. Senator Sherman declares that no bill has ever passed Congress that was more thoroughly debated in both Houses than this coinage bill.

A STUDY OF THE STATISTICS

of silver production and coinage, from 1860, the year in which the production of silver began in Colorado, and 1873, the year in which the alleged demonetization of silver took place, develops the curious fact, that while during those thirteen years the total production of silver in the United States was $188,000,000, only $19,000,000 found its way to the mints, and of this sum, less than $4,000,000 was coined into silver dollars, while the other $15,000,000 was coined into fractional coins, leaving a surplus of $169,000,000 of silver bullion to be accounted for. What be-

came of it; and as the mints were wide open under free coinage to receive it, why did it not go there and be coined in o silver dollars? The reason is easily found in the fact that during those years silver was worth three or four cents per ounce more as bullion than after it was coined into dollars, and even the dollars were exported or melted down to go into the manufacturing arts, because they were worth more after being melted into bullion than as coin. Of course, under those circumstances, silver producers cared nothing about free coinage, for they could make more money without coining their silver, than with coining it.

This was the situation when the bill passed the Senate, to stop coining the silver dollar, in February, 1871. Senator Stewart, of Nevada, voted to drop the silver dollar, and made speeches in favor of it. He declared in the senate:

"I want the standard gold, and no paper money not redeemable in gold. No paper money, the value of which is not ascertained. No paper money that will organize a gold board to speculate in it. Gold is the universal standard of the world. Everybody knows what a dollar in gold is worth."

These were strong honest words; and yet when Senator Sherman alluded to them in a speech on repealing the purchasing clause of the Sherman Act, in August, 1893, Stewart at first denied, and when Sherman faced him with the record, Stewart turned tail upon the party which had given him name and fame for more than twenty years, and incontinently fled to the Populists. Both the senators from Nevada, California and Oregon, all mining states, voted to strike out the silver dollar, while Sherman voted against it.

The silver producers cared nothing about the silver dollar then, because demand exceeded supply. Three years later, when supply had overtaken demand, and prices had c clined, all was wrong. They demanded free coinage, and made such an outcry as to cause many unthinking people to believe that a legislative wrong had really been done. Finally they became strong enough to pass the Bland bill, and twelve years later, in 1890, the Sherman Act. Three years later, in 1893, came the grand collapse, and now, with their usual logic, they put the cart before the horse and declare that too many 50-cent silver dollars is not the cause of the critical condition of our finances, but not enough of them is the real cause.

An ancient adage says that, "too much of a good thing is

good for nothing." How much more true that, "too much of a poor thing is good for nothing."

THE PERILS WHICH SURROUND THE TREASURY

show in a painful degree the danger of fiat money. For many years after resumption had taken place the treasury notes, called greenbacks, to the amount of $346,681,016 were considered the very best money, as they were supported by $100,000,000 of gold set aside especially to support and redeem them. Suddenly we are confronted by the fact that many had overlooked that there was about 70 per cent fiat in every one of these dollars, or they were supported by only 30 per cent of gold. If this reserve had remained intact, and not obliged to carry more than the original load all would, probably, have been well, but when the reserve was allowed to be invaded, and at the same time obliged to carry more than double the original load, the dangers of fiat money are made painfully evident. Now the run upon the treasury is increasing daily. The proceeds of the first issue of 50 millions gold bonds, sold last February, wholly disappeared in ten months. The proceeds of the second issue is disappearing much more rapidly than the first, showing that confidence in the treasury being able to sustain itself, is growing weaker every day. If Congress had provided, when the treasury had plenty of gold, instead of being in such haste to pay off our bonded indebtedness, that 50 millions should be added to the reserve fund every year until it reach the full value of the greenbacks outstanding, then all fiat money would have been taken out of these treasury notes and the treasury would not be in such desperate straits to sustain itself as it is to-day.

As the matter now stands, the small amount of gold held in the treasury, and the 207 millions of National bank notes, are the only money we have that is free from the fatal fiat taint. What the outcome of our financial folly will be, no one can tell. All of the 490,000,000 of demand treasury notes ought to be retired and cancelled.

Desperate diseases require desperate remedies, and every financial doctor will have a remedy. The writer would issue 500 millions of 2 per cent 10-40 gold bonds, and receive in payment greenbacks and silver treasury notes, thereby funding these into long time bonds, and when received cancel and destroy them. To take the place of these 500 millions of canceled notes, let the National banks use these 2 per cent. gold bonds at par as secur-

ity for their bank notes, and issue an equal amount of national bank notes.

The requirements of the government now, that banks shall not issue but 90 per cent. of bank notes on bonds of a par value of 100 cents, and a market value of 115 cents, is both unreasonable and cowardly. It is equivalent to saying that they expect some day that the bonds will be at 10 per cent. discount or more, and it effectually forestalls one of the very objects of the National bank system, which was in great part, to furnish the people with a sound and stable currency, free from any taint of fiat, but by those restrictive clauses, the national currency is kept down to the minimum, instead of up to the maximum, where it ought to be. If objection is made to the issue of these bonds, the reply would be that it would not be creating a new debt, but only be turning a non-interest debt into an interest bearing 2 per cent. bonded debt, and if supplemented with a law, that all impost duties should be paid in gold, as they used to be, no more bonds would need to be sold to supply the treasury with gold, nor runs be made upon the treasury.

The interest on 500 millions of 2 per cent. bonds would be 10 millions of dollars, and while they would not affect the price of silver, it would undoubtedly restore confidence, and stop raids upon the treasury, give us sound money in place of the one-half fiat money we now have, and this would be worth hundreds of millions to the country every year. All short stop puttering and temporary expedients will do but little good. The cancer is malignant and deep seated. It should be cut out by the roots before it is too late. Then what will become of the silver we now have? Keep all that is possible in circulation, and let the balance rest in the treasury vaults where it has rested ever since it was coined, a monument to the folly of the government in coining such vast sums of half fiat dollars. It can do no harm there if let alone, except to gradually depreciate in value. If it is kept locked up in the vaults, it cannot crawl out and demand convertibility into gold.

The fiat idea injected into silver is the cause of all our financial woes. Free coinage people cannot be made to understand, or do not want to understand, that gold, being the world's standard, all transactions must conform to that standard, and no metal money is free from fiat, unless its commercial value, like gold, is always equal to its coining value and equal to gold; and all paper money to be free from fiat, must be backed by gold or

gold bonds, dollar for dollar. They cannot be made to understand that money is metal, and not paper promises to pay. They will not understand that the government stamp cannot add to the market value of any metal whatsoever, but they believe that a silver dollar is as valuable as gold simply because it has the same purchasing power, without troubling themselves to enquire why it is so. Of course the silver producers and speculators know all about this question, but their success depends upon hoodwinking the people and the voters, and they have heretofore been very successful in doing so in the South and West. It would be grotesque, were it not so pitiful, to see a member of Congress, now that attempts are being made to help the government out of the financial distress, into which 500,000,000 of depreciated silver dollars have involved it, jump up and declare that no law shall pass Congress for the relief of the treasury, except that it has a free coinage rider attachment.

USES OF THE SILVER DOLLAR.

Leaving all sentiment out of the question, is there any real use for the silver dollar in our monetary system? Does it fill any long felt want? We had no silver dollars up to 1875 worth mentioning. We heard nothing about keeping gold in the treasury until within the last two years, and until silver had become almost, if not quite the strongest factor in our monetary system. It is certainly the strongest factor for mischief. Could not every useful place now filled by a silver dollar be better filled by a national bank note. The fact that not over $55,000,000 of silver dollars can be kept in circulation among 70,000,000 of people, or about 80 cents per capita, shows conclusively that the silver dollar is not a popular dollar with the people. The attempt to build up this country on a 50-cent dollar has proven a lamentable failure, and is a financial fiction which can only bring ruin and disaster, and if free coinage of silver should ever become the law of the land, we may count that our financial troubles are only just begun. Our purchases of silver under the Bland-Allison and the Sherman purchasing acts, aggregate 459,940,701 fine ounces. It cost the government $464,210,262. It was bought at the then market price, averaging 1.0093 per ounce. Its market value is now about 60 cents per ounce. A depreciation of one cent per ounce is a loss to the government of $4,599,467, and the depreciation of this silver since purchases

ceased, a year ago, amounts to 14 cents per ounce, equal to $64,392,539, and the total depreciation of these silver purchases is a net loss, up to date, of $188,242,136, enough to build the Nicaragua canal, a ship canal around Niagara Falls, and a ship canal from lake Ontario to the Hudson river.

This vast sum is a dead loss to the government, as not a dollar of it can ever be regained. It is absolutely thrown away, and worse, for it has got the treasury into the greatest difficulty it has ever experienced, and no man is wise enough to show the best way out. Our vain and ridiculous attempt to boom silver has proven an absurd and disastrous failure. Let us call a halt.

THE FUTURE OF SILVER AS A MONEY METAL.

Silver, which had been equal to gold in value at a ratio between 15 and 16 to 1 for a hundred years or more up to 1873, since that time has steadily declined in value from 16 to 1, to a ratio of 34 to 1, where it stands at present; that is, the silver in a dollar is only worth 46½ cents. Notwithstanding the immense purchases of silver by the government for fifteen years, the price declined by reason of its marvelous production all over the world, and the coinage was ceased by all European nations and India.

It naturally follows that an enormous increase in production and a greatly lessened demand must necessarily throw down prices, for the law of supply and demand applies to silver as well as to everything else. There is no help for this. Legislation cannot prevent it. Loud declamations against banks, plutocrats, money sharks and gold bugs will avail nothing. The law of supply and demand is inexorable, and cannot be changed.

An over-production of any consumable or perishable product can be regulated by a decreased production until the surplus is consumed and demand has caught up with supply. Not so with gold and silver. They are practically imperishable, and only a small part is used in the arts. Then, as the production is increasing every year, the surplus is increased every year until it is greatly in excess of demand, and the price goes down. The time has arrived in the production of silver when the price can no longer be kept at par with gold, at 16 to 1.

Silver, as a money metal, has been dethroned in the house of its friends. They have been so eager to become bonanza silver kings, like hundreds of mine owners in the silver regions, that they have greatly over-produced, and, like the farmer in the fable, have killed the goose that laid the golden egg.

Silver, as money, has fallen, never to rise again to its old-time place. Like a bridge once broken, it cannot be replaced. It must give place to something better and of more stable and certain value.

THE FUTURE OF GOLD AS A MONEY METAL.

The future of gold as a money metal is well assured. It stands to-day pre-eminent among the precious metals, as it did 3,000 years ago. It is enthroned among emperors, kings and rulers of nations, and in the hearts of the people, as the embodiment of all precious things. It is the recognized standard money among all nations, whether they have it or have it not.

From its wonderful intrinsic qualities, its great density, being 90 per cent. heavier than silver, its wonderful ductility, its exceeding brilliancy, its absolute indestructibility, its non-corrosiveness, its scarcity, its cost of production and the general desire of all persons for its possession, it is rendered the metal of all metals for standard money, and it will doubtless stand 1,000 years hence, where it stands to-day, as the only standard money of the world. Most fortunately, or providentially, if you will, the production of this most precious metal keeps pace with the increasing population of the world, and the requirements for its use as standard money, and in the arts.

The races of the world progressed from barter into using iron, lead, tin and copper as money, then into silver and gold. As civilization advances, the monetary affairs of the world will get upon a more scientific and perfect basis, and a one-standard basis for the whole world will be a necessity. All of the higher class nations already recognize it as the only standard of money. Only the pagan or weak and half-civilized countries recognize silver as the standard, and then only in domestic transactions, for in dealing with other nations, they are compelled to deal on a gold basis. Brazil, Chili and Japan are already advancing to a gold basis, and others will gradually come into line, simply because they cannot be prosperous doing business with 50-cent dollars, and all will, in a few years, be upon a gold basis.

CONCLUSION.

In conclusion, there are a few fundamental facts connected with this question which ought to be impressed upon the mind of every thoughtful man.

First: That gold has become the established money of the world, and, whether we like it or not, it is the only acknowledged money used in commercial transactions between the nations of the world, and the United States cannot change it, even if it desired to do so.

Second: Silver, which has for centuries filled a second place to gold as a money metal, has become unstable and uncertain in value, and whatever it may have been in past centuries, it is no longer suitable for standard money on account of its great over-production during the last thirty years and consequent depreciation in value.

Third: The government stamp upon a piece of coined money cuts no figure whatever in adding to its value. That is determined by the weight and fineness of the coin. The stamp simply shows that the coin is of requisite weight and fineness, and also shows its denomination.

Fourth: To maintain our standing among first-class nations, it is necessary that we should have first-class money, and maintain all of our money at a parity with the best, which is gold.

Fifth: That a nation, like a banking institution, to do business successfully and economically, must have first-class credit, which means that it must always be ready to pay its debts at maturity, in gold dollars, if required, and a nation with large obligations must have a large surplus of gold dollars to draw upon in case of panic or disaster.

Sixth: That a double standard is a myth and a delusion. There is no such thing as a double standard with two metals, one with a market value greater than the other, about which so much is written and spoken. We import about three-fourths of a billion of dollars of manufactured products every year. All of it is bought on a gold basis, and sold on a gold basis, and all of our domestic products are bought and sold on a gold basis.

Seventh: That paper money or currency is not real money, but only the representative of real money. On its face, paper money does not claim to be money, but only a promise to pay money. A paper dollar bears a similar relation to a gold or real dollar, that an agent does to his principal. He can act for his

principal, talk for him, do for him, and represent him, but still is not the principal.

Eighth: That while our money is per capita larger than it ever was before, it does not follow that an abundance of money makes times good. Agitation of free coinage and tariff reform have doubtless been prime factors in causing loss of confidence, and unsettling business affairs, and consequent locking up of money, but there is more money in this country per capita now than ever before.

Ninth: That free coinage of silver, having ceased in all the principal commercial nations of the world, and the production of silver being constantly on the increase, it is useless for the United States to try to coin and carry all the silver which may be offered for coinage, now worth only 46½ cents on the dollar, and turn it into dollars to be raised to the value of gold dollars by making the cheap dollars convertible into the standard dollars. Such a course would lead to financial ruin.

Tenth: That the statements of many free coinage men that silver is stable and steady in value while gold fluctuates, has no foundation in fact.

Eleventh: That all of the different kinds of money issued by or under the authority of the United States, is of par value with gold, simply because it is convertible into gold at the will of the holder. The stamp of the government cuts no figure whatever as to establishing the value of money. The only question is whether you can at any time get gold for it? Or will the government promptly give gold dollars for it in equal amounts?

Finally: That to have good times once more, let the speculator cease to speculate, the tariff reformer cease to reform, the free coinage men cease their clamor for more silver, the grumbler cease to grumble, and remember that denunciation of monied men is not the way to get them to put their money into circulation or start the lagging wheels of commerce. Bear in mind that there are many cautious and conservative men who do not believe it wise or prudent to load up our treasury with any more tons of 50-cent dollars, and it is barely possible that those in power and their associates, who have the responsibilities of the government and of the treasury upon their hands, and whose honor and reputation are at stake, and who are pledged to do

that which they believe to be for the best interests of the country, and are pledged to enforce the laws, know quite as much about the working of the treasury and the dangers of unwise legislation as the farmers, mechanics and laboring men of the West. Let Congress go very slow in regard to legislation upon all economic questions, be sure they are right before they go ahead, and put patriotism before politics and partisanship. Remember, right or wrong, we can have no more silver coinage for three years at least. Give us a rest, and we will promise to be virtuous and try to be happy.

MONEY OF THE PRINCIPAL COUNTRIES OF THE WORLD.

From the Report of the Director of the Mint for 1893.

COUNTRY.	POPULATION.	GOLD.	SILVER.	Uncovered Paper.	PER CAPITA
United States	67,400,000	$ 661,000,000	$ 624,000,000	$ 469,000,000	$ 26.02
Great Britain	38,100,000	540,000,000	112,000,000	127,000,000	20.44
France	38,300,000	800,000,000	500,000,000	110,000,000	36.80
Germany	49,400,000	618,000,000	215,000,000	84,000,000	18.56
Belgium	6,100,000	54,000,000	55,000,000	54,000,000	26.70
Italy	30,400,000	96,000,000	16,500,000	179,000,000	9.59
Switzerland	2,900,000	15,000,000	15,000,000	12,000,000	14.48
Greece	2,200,000	500,000	3,000,000	23,400,000	12.22
Spain	17,500,000	40,000,000	155,000,000	105,000,000	17.14
Portugal	4,700,000	40,000,000	10,000,000	49,000,000	21.06
Roumania	5,500,000	200,000	100,000	25,000,000	4.60
Servia	2,200,000	3,000,000	1,900,000	4,500,000	4.27
Austria	41,300,000	124,000,000	85,000,000	187,000,000	9.59
Netherlands	4,600,000	19,000,000	56,000,000	37,000,000	24.34
Scandinavia	9,000,000	28,000,000	12,000,000	12,000,000	7.0
Russia	124,000,000	422,000,000	41,000,000	550,000,000	8.17
Turkey	39,200,000	50,000,000	44,000,000	.....	2.39
Australia	4,300,000	105,000,000	7,000,000	.....	26.05
Egypt	6,800,000	120,000,000	15,000,000	.....	19.85
South American States	34,300,000	45,000,000	30,000,000	600,000,000	19.67
Japan	40,400,000	80,700,000	81,300,000	.....	4.0
Canada	4,800,000	14,000,000	5,000,000	29,000,000	10.0
Cuba	1,600,000	19,000,000	1,500,000	.....	12.81
Hayti	1,000,000	2,000,000	2,900,000	.....	4.9
Mexico	11,400,000	5,000,000	50,000,000	2,000,000	5.00
Central American States	3,300,000	500,000	8,000,000	4,000,000	3.78
India	287,200,000	.....	950,000,000	37,000,000	3.44
China	402,700,000	.....	725,000,000	.....	1.80
The Straits	3,800,000	.....	110,000,000	.....	12.81
Total	1,284,000,000	$ 3,901,900,000	$ 3,931,200,000	$ 2,699,900,000	* $8.12

*Average per capita of all Nations.

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END OF
TITLE